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GOVERNOR

STATE OF MICHIGAN  
OFFICE OF FINANCIAL AND INSURANCE SERVICES  
DEPARTMENT OF LABOR & ECONOMIC GROWTH  
ROBERT W. SWANSON, DIRECTOR

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COMMISSIONER

**BILL ANALYSIS (as passed the Senate)**

**BILL NUMBER:** SB 1426 (S-1)  
**TOPIC:** Government Employee PRIRA Rights  
**SPONSOR:** Senator Hammerstrom  
**CO-SPONSORS:** None  
**COMMITTEE:** House Health Policy  
**Analysis Done:** November 21, 2006

**POSITION**

The Office of Financial and Insurance Services supports this legislation.

**PROBLEM/BACKGROUND**

When the Patient's Right to Independent Review Act (PRIRA) was first implemented, the language was interpreted to only apply to those who were insured under an insurance plan subject to the Michigan Insurance Code. This interpretation excluded government employees who were insured through a self-funded plan from having access to PRIRA processes. Government employees want access to independent review rights in order to resolve their complaints in the same manner as other individuals insured through regular insurance plans.

**DESCRIPTION OF BILL**

SB 1426 creates a new chapter in the Michigan Insurance Code that requires entities that contract with governmental units for health care services to establish and make available procedures for an internal review process, and an external review process subject to all the same obligations, conditions, and consequences as those in PRIRA. The Commissioner of OFIS will provide external reviews as though the person were a covered person under PRIRA.

## **SUMMARY OF ARGUMENTS**

### **Pro**

This legislation would allow government employees that belong to a self-insured plan the same PRIRA rights as those who belong to an insured plan. PRIRA was enacted to allow those who have been refused payment for a claim, the right to an independent review of the denial of coverage by the insurer or the health maintenance organization (HMO). The new chapter would add government funded self-insured plan members to those who would have access to independent review rights. The change would guarantee the same rights to all government employees no matter if they choose an insurer, an HMO plan, or a self-insured plan.

### **Con**

None identified.

## **FISCAL/ECONOMIC IMPACT**

OFIS has identified the following revenue or budgetary implications in the bill as follows:

### **(a) To the Office of Financial and Insurance Services:**

Budgetary: If individuals insured under government self-funded plans have access to independent review rights, the division within OFIS that handles these cases will see an increase in the number of cases, perhaps requiring additional staff.

Revenue:

Comments:

### **(b) To the Department of Labor and Economic Growth: None known.**

Budgetary:

Revenue:

Comments:

### **(c) To the State of Michigan: None known.**

Budgetary:

Revenue:

Comments:

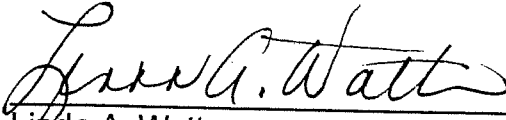
### **(d) To Local Governments within this State: None known.**

OTHER STATE DEPARTMENTS

ANY OTHER PERTINENT INFORMATION

ADMINISTRATIVE RULES IMPACT

OFIS does have general rulemaking authority under the Insurance Code, 1956 PA 218.



Linda A. Watters  
Commissioner

11-27-06  
Date